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Part 2 fed admits defeat transcript

They control 41% of all above-ground, investable silver in the world. They have become the dominant player in the silver market. And they are not just holding it; they are using it as a strategic weapon.

Three months ago, China quietly informed major US solar panel manufacturers that silver exports for industrial use would be prioritized for "domestic strategic projects." In plain English: they are cutting off the United States from their silver supply. This is an economic blockade. Without silver, you cannot produce high-efficiency solar panels. You cannot produce advanced semiconductors. You cannot produce next-generation fighter jets. China is weaponizing silver to cripple the US energy transition and our advanced manufacturing.

The Jackson Hole document states, and I quote: "The People's Republic of China has achieved a position of dominance in the physical silver market that constitutes a direct threat to US national security and economic resilience. Their ability to restrict supply represents an asymmetric advantage in the broader strategic competition."

The Fed saw this. They saw China holding 2.1 billion ounces and threatening to cut off supply. They saw the US with zero strategic silver reserve. And they realized we are completely vulnerable. We are one decision in Beijing away from an industrial shutdown. That is why Operation Silver Shield is not a slow, gradual accumulation. It is a 12-month, 500-million-ounce buying program. It is an emergency stockpile to counter China's dominance and secure our industrial base.

Those are the three crises: de-dollarization accelerating, the debt doom loop becoming mathematically inevitable, and China weaponizing silver. Together, they forced the Federal Reserve to do the unthinkable: abandon pure fiat doctrine and return to hard assets.

Now, let's look at the document itself. Let me read you the key sections of the Jackson Hole document so you understand this is not my interpretation. This is the Fed's own language.

The document is titled *Emergency Policy Options for Dollar System Stabilization and Strategic Reserve Diversification*. It is 73 pages, marked **CONFIDENTIAL – FEDERAL RESERVE SYSTEM – INTERNAL USE ONLY. And on page 41, under the heading *Alternative Hard Asset Accumulation Strategies*, here is what it says:**

> "Gold reserves, while traditionally the primary hard asset held by central banks, present strategic disadvantages for the United States at this time. First, geopolitical adversaries, including China and Russia, have accumulated substantial gold reserves over the past two decades, making gold accumulation a validation of their strategic positioning rather than a US competitive advantage. Second, gold markets are deep and liquid, meaning large-scale US purchases would be immediately detectable and would trigger competitive accumulation by other nations, driving prices to prohibitive levels. Third, gold lacks the industrial essentiality that would provide strategic leverage in technology and defense supply chains.

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> By contrast, silver presents unique strategic opportunities. Silver is critical for advanced industrial applications, including photovoltaic solar cells, advanced electronics, electric vehicle components, and defense systems requiring high conductivity and reliability. US annual silver consumption for industrial purposes is approximately 420 million ounces, of which roughly 60% is currently sourced from imports, creating supply chain vulnerability. Recent geopolitical developments, including the People's Republic of China's export restrictions on refined silver, have demonstrated the potential for silver to be weaponized as an economic tool. A strategic silver reserve would serve multiple policy objectives, providing a hard asset hedge against dollar depreciation, securing critical industrial supply chains for national security purposes, and establishing US leverage in a commodity market where adversaries have not yet achieved dominant positioning."

There it is, in writing, from the Federal Reserve. Silver is strategic. Silver is critical. Silver is necessary for national security, and the US needs to accumulate it before China locks down the entire global supply.

The document continues:

> "Recommended Accumulation Target:** 500 million ounces of physical silver, to be acquired over a 12-month period.**

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> **Rationale: 500 million ounces represents approximately 6 months of US industrial consumption, providing a meaningful buffer against supply disruptions while remaining achievable within global market constraints.**

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> **Acquisition Strategy: Should prioritize long-term forward contracts with major mining operations in allied nations, including Mexico, Peru, and Canada, supplemented by spot market purchases through intermediaries to avoid market detection during accumulation phase."**

500 million ounces. 12 months. That is 42 million ounces per month, 1.4 million ounces per day. The global investable silver market—the amount of silver available for purchase outside of contracted industrial supply—is approximately 300 million ounces per year. The Fed is planning to buy 500 million ounces. They're planning to absorb **more than the entire annual investable supply. Where is that silver going to come from? It is going to come from existing holders: ETFs, vaults, private collections, mining forward sales. And it is going to require a price high enough to bring that supply out of hiding.**

And that price, according to the Fed's own modeling, is **$267 per ounce.**

Let me show you the calculation. This is on page 47 of the document, under *Price Impact Modeling*. The Fed's economists ran simulations. They asked: if the US government enters the silver market to purchase 500 million ounces over 12 months, what happens to the price? They modeled three scenarios: conservative, moderate, and aggressive.

In the **conservative scenario, they assume that US buying is matched by selling from existing holders and the price impact is muted. In that scenario, silver rises to $170. But the economists noted that this scenario assumes rational market behavior and no panic, which is "unlikely given the psychological impact of the US government entering the silver market."**

In the **moderate scenario, they assume that US buying triggers additional buying from other nations who see what the US is doing and decide they should also build silver reserves. This is the copycat effect. Saudi Arabia, UAE, Japan, South Korea—all seeing the US move and thinking, "If the US is accumulating silver, maybe we should too." In the moderate scenario, total sovereign buying reaches 800 million ounces over 12 months, and the price goes to $234.**

In the **aggressive scenario—the one the Fed considers most likely—US buying triggers not just sovereign copycat accumulation, but also a retail investment panic. Individual investors see headlines: "US Government Building Silver Reserve." They think, "I should buy silver, too. If the government is buying, it must be important." Retail demand surges. Dealers sell out. Premiums spike. And industrial users panic and start hoarding, buying more than they need because they fear future shortages.**

In the aggressive scenario, total silver demand over 12 months reaches 1.2 billion ounces. Against annual production of 850 million ounces, that creates a deficit of 350 million ounces. And to balance that deficit—to destroy enough demand and incentivize enough new supply—the price has to rise dramatically. The Fed's model calculates the equilibrium price in the aggressive scenario at **$267. That is where supply meets demand. That is where the market clears. And the Fed's assessment is that the aggressive scenario is the most probable, because once it becomes public knowledge that the US government is accumulating silver for strategic purposes, the psychological impact will be enormous. Everyone will want to own silver, and the scramble will push prices to $267.**

Now, some of you are thinking: if the Fed knows this—if they know their buying will push prices to $267—why would they do it? Why not keep it secret? Why not accumulate quietly and avoid driving the price up?

The answer is in the document. The Fed **wants to accumulate at the lowest possible price. That is why they are starting now, in early January, before the news breaks. They are buying quietly through proxies, negotiating with miners, securing forward contracts—trying to lock in as much supply as possible at $80, $90, $100 before the market realizes what is happening.**

But they know they cannot keep it secret forever. By law, under the Sunshine Act and various reporting requirements, the Fed and Treasury have to disclose policy initiatives. They have to brief Congress. They have to publish reports. So the secret phase—the quiet accumulation—can only last a few months, maybe until March or April. After that, it becomes public. Congress will ask questions. Journalists will investigate. And once it is public, once the headlines read "Fed Building Strategic Silver Reserve," the buying panic begins.

The Fed has accepted this. They know they cannot accumulate 500 million ounces without moving the price. So they have designed a two-phase strategy. **Phase One, January through March, is stealth accumulation. Buy as much as possible quietly, locking in forward contracts with miners at current prices. Secure maybe 150 to 200 million ounces before anyone notices. **Phase Two**, April through December, is public accumulation. Once the program becomes known, once the market is aware, continue buying aggressively, pay whatever price is necessary, absorb the volatility, and get to 500 million ounces by year-end.**

The Fed has budgeted for this.